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Standing Committee on Commerce,
1952/53

1952-53

(THE SENATE OF CANADA)

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PROCEEDINGS

OF THE

STANDING COMMITTEE ON
BANKING AND COMMERCE

To whom was referred the Bill (R-3), intituled:
An Act relating to Trade Marks and Unfair Competition.

The Honourable **SALTER A. HAYDEN**, Chairman

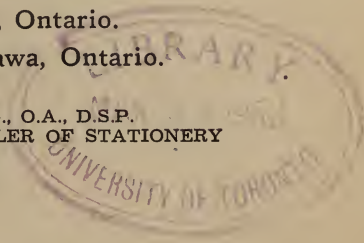
No. 1

WEDNESDAY, MARCH 18, 1953

WITNESSES

Mr. Charles Stein, Q.C., Under Secretary of State.
Mr. Christopher Robinson, Q.C., Ottawa, Ontario.
Mr. J. C. Osborne, barrister-at-law, Ottawa, Ontario.

EDMOND CLOUTIER, C.M.G., O.A., D.S.P.
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY
OTTAWA, 1953



BANKING AND COMMERCE

THE HONOURABLE SALTER ADRIAN HAYDEN, CHAIRMAN

The Honourable Senators

| | | |
|-------------|-----------|--------------|
| Aseltine | *Haig | McIntyre |
| Baird | Hardy | McKeen |
| Beaubien | Hawkins | McLean |
| Bouffard | Hayden | Nicol |
| Buchanan | Horner | Paterson |
| Burchill | Howard | Pirie |
| Campbell | Howden | Pratt |
| Crerar | Hugessen | Quinn |
| Davies | King | *Robertson |
| Dessureault | Kinley | Roebuck |
| Emmerson | Lambert | Taylor |
| Euler | MacKinnon | Vaillancourt |
| Fallis | MacLennan | Vien |
| Farris | McDonald | Wilson |
| Gershaw | McGuire | Wood |
| Gouin | | |

**ex officio* member.

ORDER OF REFERENCE

Extract from the Minutes of Proceedings of the Senate for Thursday, February 12, 1953.

"Pursuant to the Order of the Day, the Honourable Senator Hayden moved that the Bill (R-3), intituled: "An Act relating to Trade Marks and Unfair Competition", be now read a second time.

After debate, and—

The question being put on the said motion,

It was resolved in the affirmative.

The said Bill was then read the second time, and—

Referred to the Standing Committee on Banking and Commerce."

L. C. MOYER,
Clerk of the Senate.

MINUTES OF PROCEEDINGS

WEDNESDAY, March 18, 1953.

Pursuant to adjournment and notice the Standing Committee on Banking and Commerce met this day at 3:30 p.m.

Present: The Honourable Senators:—Hayden, Chairman; Baird, Beaubien, Bouffard, Buchanan, Campbell, Crerar, Davies, Emmerson, Euler, Fallis, Haig, Hardy, Hawkins, Horner, Howard, King, Kinley, Lambert, MacKinnon, McDonald, McIntyre, Paterson, Pirie, Roebuck, Vaillancourt, Wilson and Wood—28.

In attendance:—Mr. John F. MacNeill, Q.C., Law Clerk and Parliamentary Counsel, the Senate; the Official Reporters of the Senate; Mr. J. P. McCaffrey, Registrar of Trade Marks; and Mr. Willis George, of the Canadian Manufacturers' Association.

Bill R-3, intituled "An Act relating to Trade Marks and Unfair Competition", was considered.

On motion of the Honourable Senator Euler it was resolved to report as follows:—

"The Committee recommend that it be authorized to print 800 copies in English and 200 copies in French of its proceedings on the said Bill, and that Rule 100 be suspended in relation to the said printing."

Mr. Sidney Lang, Winnipeg, Manitoba, accountant of the Dominion General Benefit Association, made representations to the Committee with respect to certain sections of the Bill.

The following, who were members of the Trade Mark Law Revision Committee, were heard in explanation of the Bill:—

Mr. Charles Stein, Q.C., Under Secretary of State.

Mr. Christopher Robinson, Q.C., Ottawa, Ontario.

Mr. J. C. Osborne, barrister-at-law, Ottawa, Ontario.

At 5 p.m. the Committee adjourned until Tuesday, March 24, 1953, at 10:30 a.m.

Attest.

JAMES D. MacDONALD,
Clerk of the Committee.

MINUTES OF EVIDENCE

THE SENATE

OTTAWA, WEDNESDAY, March 18, 1953.

The Standing Committee on Banking and Commerce, to whom was referred Bill R-3, an Act relating to Trade Marks and Unfair Competition, met this day at 3.30 p.m.

Hon. Mr. HAYDEN in the Chair.

The CHAIRMAN: Honourable senators, we have before us Bill R-3, an Act relating to Trade Marks and Unfair Competition. Before we proceed with our consideration of the bill would some member make the usual motion in connection with printing the verbatim report of our proceedings?

Hon. Mr. EULER: I move:

That the committee report recommending that it be authorized to print 800 copies in English and 200 copies in French of its proceedings on Bill R-3, intituled an Act relating to Trade Marks and Unfair Competition, and that Rule 100 be suspended in relation to the said printing.

The motion was seconded and carried.

The CHAIRMAN: We have with us today Mr. Charles Stein, Q.C., Under Secretary of State, and Mr. James McCaffrey, Registrar of Trade Marks, together with Mr. Christopher Robinson, Q.C., Mr. J. C. Osborne, and Mr. Willis George, who were members of the committee which sat for a number of years inquiring into this whole matter of trade marks. I understand that Senator Haig has a gentleman here who has a problem. Do you think possibly the best way to proceed would be to get an opening statement from one of the members of the committee, and then deal with the situation as far as Senator Haig's friend is concerned so that he may get away tonight?

Hon. Mr. HAIG: I would appreciate that very much. I should like to outline the situation in one or two words. The gentleman I wish to introduce is Mr. Lang of Winnipeg, who is treasurer of a certain insurance company which, in 1949, applied for a trade mark for the use of certain words in connection with one of its policies. At that time the Department claimed it did not have the power under the Act to grant the trade mark and that it would consider the whole matter and that subsequently a bill would be brought in. This is the bill and we absolutely concur with it. We do not object to the bill at all. I would like to ask a favour of the committee. Mr. Lang has to leave at 4.30 in order to catch his plane.

The CHAIRMAN: Possibly we could let him put his question, and one of these gentlemen from the Department will attempt to answer it. Then we can commence our consideration of the bill itself.

Hon. Mr. HAIG: I would not be too good in describing his problem, and he has a clear understanding of it.

The CHAIRMAN: Let Mr. Lang come forward and he can ask his question.

Hon. Mr. HAIG: He is the treasurer of his company and he has only one black mark against him. At one time in his life he worked for the Income Tax Department.

The CHAIRMAN: We shall excuse him for that.

Hon. Mr. WOOD: I thought you were going to say that he is a Conservative.

Some Hon. SENATORS: Oh, oh.

Hon. Mr. HAIG: To tell you the truth, I do not know what his political following is. I do know he is a very efficient employee of his company, and that his company is wholly co-operative in this undertaking. I will tell the committee the issue.

Hon. Mr. EULER: Excuse me, but what is the name of the company?

Mr. LANG: The Dominion General Benefit Association.

Hon. Mr. HAIG: It was incorporated by an Act of Parliament of Canada about—

Mr. LANG: 1945.

Hon. Mr. HAIG: Before that it was a co-operative organization, was it not?

Mr. LANG: Yes.

Hon. Mr. HAIG: Well, the issue is this. The company has been using on one of their policies a sign called the Blue Shield. They call their policy the Blue Shield policy. After reading the Act we can see no conflict between that and the Blue Cross emblem. We have no objection to that at all, and I just want to mention this fact in case any objection is taken. It is on that issue that Mr. Lang has come down to Ottawa. I am not acting as lawyer for the company. The only connection I have is that my brother is one of its directors, and he wrote and asked me to look after it because he could not be here. I should like to know if the committee members have any objection to me being here or voting. As far as we know the Department had the power and would have been willing to grant a trade mark as used in connection with that. There is no trouble over that issue, but we did not want to be prohibited from using the word "Blue" by some regulation that may be put in the bill.

Is there any question now anybody would like to ask Mr. Lang?

The CHAIRMAN: Mr. Lang, have you a specimen of the policy in connection with which you use this Blue Shield? Is this a special type of policy?

Mr. LANG: It is a special type of insurance policy.

Hon. Mr. EULER: May I ask a question which seems to touch upon the vital point? Perhaps our Law Clerk could answer it. Is there anything in the bill that would prohibit Mr. Lang's company from using this label, if you want to call it that, known as a Blue Shield? Is there a regulation under the bill which would prohibit you from doing that? Is that what you want to know?

The CHAIRMAN: No, it is more than that. Mr. Lang wants to know whether or not there is anything in this bill which would prohibit or prevent the Department of the Secretary of State from afterwards registering this as a trade mark. I think that is what he wants to know.

Hon. Mr. KING: He has been using the title heretofore?

The CHAIRMAN: Yes, but under the present Act a trade mark is only in connection with wares. Under the new bill it extends to services as well, and the question is whether, having regard to that extension, the Blue Shield policy can be registered as a trade mark. That is the simple question Mr. Lang wants an answer to.

Mr. STEIN: If I may say, as the Chairman has just pointed out, under the proposed new bill you will be able to register a trade mark for services, which is something you cannot do now. We do not know whether this particular trade mark will be registrable when the Act goes into force. The registrar will have to examine at that time any possible conflict with any other trade mark for which application may also be filed. I think that is about the only answer we can give today. Under the bill as it stands today there is no objection in principle to this sort of trade mark.

The CHAIRMAN: There is no prohibition.

Mr. STEIN: No.

Hon. Mr. HAIG: We are satisfied with this bill, if we can get our application granted. We were informed that the Blue Cross organization was going to ask for an amendment to be put in the bill which would prohibit this kind of thing. We thought the whole matter would be discussed today and that we would hear their side of the story, but they are not here.

The CHAIRMAN: We will be watching for that next Tuesday.

Hon. Mr. HAIG: We wanted Mr. Lang to be heard so he could answer questions.

Hon. Mr. CRERAR: When you speak of the Blue Cross you mean the Blue Cross organization in Manitoba?

Hon. Mr. HAIG: Yes, they are going to get a trade mark, too, under this bill.

Hon. Mr. CRERAR: Might a conflict arise?

Hon. Mr. HAIG: We are using the words Blue Shield. There is no conflict at all really.

Hon. Mr. CRERAR: There is a hospital organization in Manitoba known as the Blue Cross organization.

The CHAIRMAN: That organization exists all over Canada.

Hon. Mr. CRERAR: I understand that but I made the observation that it is in Manitoba, which is correct. The question I was going to ask is this. This Blue Cross hospital organization has the Blue Cross as its emblem. This company has a shield which it calls the Blue Shield.

Now, if the Blue Cross and the Blue Shield made an application to the department at about the same time, or even different times, to have their respective emblems registered as a trade-mark, the question I would like to ask is, would the witness consider there would be conflict if such application were sustained?

Mr. STEIN: That is difficult to answer. I might express an opinion, but it would not be worth much. The registrar would deal with it, and on appeal to the court it would have to be decided whether one or the two should prevail and should be registrable, and the other not, if that arose. All I can say now is that this sort of trade mark is registrable and that there is no prohibition against this particular trade-mark today in the bill.

Hon. Mr. CRERAR: Ordinarily, if there is a clear distinction between the two, each would be registrable.

The CHAIRMAN: If they should be otherwise registrable.

Hon. Mr. CRERAR: One is a Cross, and the other a Shield?

The CHAIRMAN: Yes.

Mr. LANG: If they are not held to be in confusion by the courts they would both be registrable under the new Act.

The CHAIRMAN: We are not going to settle it here today, tomorrow, or the next day. The question before the committee is, if the new Act comes into force, would they be qualified to apply for a trade mark.

Hon. Mr. WOOD: Would you be asking for a trade mark for services?

Hon. Mr. HAIG: I do not know, for instance, how many life insurance companies there are in Canada, but they are all incorporated in the same way and are all doing business; and we do not grant a licence to one, and keep the others out. One is a shield and the other is a cross. The point is, if I had a policy with a Blue Cross on it I would think I was getting medical

service from the Blue Cross. The same applies, in my judgment, here. This is an insurance policy. Now, if another insurance company tried to get a trade mark for Blue Shield, and we had ours, we would object, and the department or court, whichever made the final decision, would decide whether it was or not.

Hon. Mr. KINLEY: Is there not a commission? When there is a conflict, who deals with it?

Mr. STEIN: An advisory committee prepared the bill and the report explaining it. The Registrar, and on appeal, the Exchequer Court, would have to decide in a case of conflict.

Hon. Mr. HAIG: That is correct.

The CHAIRMAN: We have dealt with the other question troubling you, Mr. Lang. Unless there are any other questions, we will excuse you now.

Mr. LANG: Thank you, Mr. Chairman.

The CHAIRMAN: Now, I was suggesting for the consideration of the committee that possibly we could get an opening statement of the general principle of this bill, and the major differences, where those differences may be extensions of, departures from, or restrictions against the present law.

Mr. STEIN: Gentlemen, as a general, explanatory note, this is a bill to revise the existing Act, namely, the Unfair Competition Act, and I might enumerate briefly the salient features, the main changes, the bill would bring about in the existing law. Of course, you will find in the report itself, which was prepared by this advisory committee that drafted the bill, the supplementary explanations that are required; and I have here, as the Chairman said, the report of the committee. I should add that, unfortunately, the Chairman of the committee, Dr. Fox, St. Catharines, Ontario, is ill in hospital and cannot be here. The main points are the elimination of the arbitrary division of trade marks into word marks and design marks. That was introduced in 1932, by the existing Act, the Unfair Competition Act.

The second point is a more adequate definition of what constitutes a trade mark in the light of modern commercial practice.

The third one is the applicability of trade marks to services in addition to those mentioned a moment ago.

The fourth point is relaxation of the present rigid rules applying to the assignment and licensing of trade marks.

The fifth point is the clarification of the principles governing the ownership of trade marks in Canada and the persons entitled to registration, including the right to file an application for registration prior to commencing actual use of the trade mark.

The sixth point is the provision for publication of trade mark applications and for opposition procedure.

Reverting to what was said a moment ago, you might have an application from this company, say the Blue Cross might file in opposition. That is the way it would arise, or one way in which it might arise.

And the seventh point: Inclusion of provisions presently contained in statutes other than the Unfair Competition Act which provide prohibitions against the adoption and use of certain emblems and marks or symbols; like the R.C.M.P., or a university emblem, or an insignia of the armed forces.

Now, as I say, beyond this general statement in enumeration of the main points and the explanation in the report, we are prepared to answer any questions to the best of our knowledge.

Hon. Mr. DAVIES: Does this bill have anything to do with trade slogans?

Mr. ROBINSON: I am not quite sure what you have in mind as trade slogans. Would it be something like Packard's slogan "Ask the man who owns one"?

Hon. Mr. DAVIES: For instance, "The Pause That Refreshes"?

Mr. ROBINSON: It would apply to anything. Under the bill, a trade mark is a mark either on the goods themselves or on the package, or is in some way connected with the goods, so that when people see that phrase or mark they think of those goods. If it is that, then it is a trade mark.

Hon. Mr. KING: What happens, Mr. Chairman, to those who already have trade marks today? Will they continue, or will they have to be re-registered?

The CHAIRMAN: They carry on.

Mr. ROBINSON: They carry on the present registration as it stands; but any people who come on after this bill passes will come on subject to the provisions of the bill.

The CHAIRMAN: Mr. Stein has given us a very sketchy outline of the principal features of the bill and the departures from the present law. I was wondering if we could have an amplification on some of those points. We do not have to take them in the same order as Mr. Stein gave them. I was thinking, for instance, of this very moot question of assignments and licensing. Could we have a clear statement as to the present law, and then the changes by virtue of the provisions of this bill.

Mr. ROBINSON: Mr. Chairman, I will do what I can, but it is not an easy subject.

Roughly speaking, under the present law a trade mark is simply one element of a business, and you cannot transfer your trade mark to somebody else unless you transfer your whole business to that person. For example, it would not be possible under the present law for Coca-Cola to sell its trade mark to somebody else, without selling the whole business of Coca-Cola. The trade mark is looked upon as simply being an off-shoot of the business itself.

In a great many cases that law works perfectly satisfactorily; but there are many cases, under modern business conditions, where it gives rise to all sorts of difficulties. The rule about transfer applies not only between two strangers, or two individuals, but it probably applies even between related companies. I cannot put it more strongly than that; it probably applies even between companies which are closely related, such as parent and subsidiary companies.

The position under the present law is that company A could not safely transfer to company B, its subsidiary, one of its trade marks; and a company which itself controls a number of other companies, as often happens, cannot safely own all the trade marks of the family and allow the various children—that is the various subsidiaries—to use them. Under modern commercial conditions it is very often desirable that that sort of thing should be done. Almost every important country except Canada has in the last fifteen years modernized its law on the subject of the transfer and licensing of trade marks. Great Britain did so in 1937: almost all the other Commonwealth countries have done so in the interval. The United States went a long way in that direction in 1946. Canada, however, still retains the old traditional concept, and it is a concept which gives rise, particularly under Canadian conditions, to very great difficulties, because of the fact that so many Canadian companies are very closely related to corresponding American companies; and, as a practitioner, I know you are always running into difficulty with cases where the American company is doing the American business and the Canadian company is doing the Canadian business and the whole trade-mark position has got mixed up because the ordinary business man, very naturally, thinks of two closely related companies, one of which may be 100 per cent-owned by the other, as being really the same. He thinks of them in that way and treats them in that way; and you will find a situation where a trade mark may be owned by one company and used by another. That kind of situation will give rise, probably, to the invalidity of the trade mark.

What is being proposed by the bill is that all these—what are really, under modern conditions rather artificial—restrictions—should be removed, and that it should be possible for anyone to transfer his trade mark quite freely to anyone else, in the same way that he can transfer other pieces of property. Certain restrictions are put on the transfer in order to be sure that as a result of it you do not find two companies using trade marks which are so alike that people would get confused between them. But subject to that, we are proposing that trade marks may be transferred freely from person to person without necessarily a transfer of the entire business, because very often that is something which is impossible. The trade mark owner does not want to do it. But under the existing law he either has to do it or he goes at the thing in various round-about ways to try to get a result which, if he got it directly, might lead to great trouble so far as the validity of the trade mark is concerned.

Another thing is that, under the present law, if I own a trade mark and someone else wants to make goods under that trade mark, I cannot give him permission; I cannot license him to use that trade mark.

Hon. Mr. WOOD: They do that in the United States, for instance with "Hopalong Cassidy".

Mr. ROBINSON: They can in the United States, but they cannot in this country. In the United States the complaint has been that they have really freed the thing so that the licence is subject to very little, if any, control. The proposal under the bill is that we should not go as far as that, but we should adopt a system of statutory licensing, subject to the control of the Registrar of Trade Marks and, on appeal, the Court. The system, which is known as the registered user system, and which we borrowed really from the British Act of 1937, has been reproduced substantially in that form in most Commonwealth countries. We feel it will be possible for licensing to take place when it is proper and necessary that it should, but it will be subject to some control, so that the possibility of public confusion will be reduced as far as possible.

The CHAIRMAN: What are the elements of control?

Mr. ROBINSON: The elements of control are that if you, the trade mark owner, want to license someone else to use the trade mark, you and the proposed licensee must make a joint application to the Registrar of Trade Marks, set out all the relative facts, and you must show what the degree of control of the owner of the registered trade mark over the operations of the proposed licensee will be. Those facts are all considered by the registrar, and if he is satisfied that there is the appropriate extent of control he will license the licensee as a registered user; and if not, he will refuse.

The CHAIRMAN: Let us take a practical application. Let us assume the manufacturer of some article uses the trade mark which he owns in connection with the use and sale of that article. Now then, some person else who may be connected in some subsidiary relationship with that organization, or maybe a stranger, comes to him and wants to make an arrangement for the production of that article and for the use of the trade mark in connection with it. On that set of facts, would the bill permit an application to the registrar to grant a licence, or for the granting of a licence by the owner?

Mr. ROBINSON: An application could be made, and would, under the bill, be one that could properly be granted, provided that the owner of the trade mark were in a position to exercise sufficient control over the operations of the proposed manufacturer to ensure that the general quality of the product being put out by the proposed licensee would be similar to the general quality of the product already put out by the registered owner.

The CHAIRMAN: Because the danger otherwise would be that you would have the same article being made, say, by two different firms, bearing the same trade mark, and there might be vast differences in quality.

Mr. ROBINSON: Exactly. One might be very good and one might be shoddy.

Hon. Mr. WOOD: Would "margarine" be a trade mark?

Mr. ROBINSON: Not "margarine", no.

Hon. Mr. BAIRD: Is the licensing limited only to one person?

Mr. ROBINSON: No, there is no limitation on the number of licencees. For example, you may get a company which has perhaps ten different subsidiaries operating in ten different geographical areas: there are various bases of division between them, and it might be desirable that the whole family should use the trade mark.

The CHAIRMAN: The use of this licensing provision is more likely to be confined to subsidiary and parent companies than almost any relationship you can think of.

Mr. ROBINSON: That is what we expect, sir.

Hon. Mr. CRERAR: The licence to use a trade mark is transferred perhaps to quite an independent company. Has the owner of the trade mark the right to withdraw it without the approval of the Department?

Mr. ROBINSON: Yes—either the owner, or the licensee, which under the bill is called the registered user: the registered user may ask to have the registration as such cancelled—he does not want to be a licensee any more—and the registered owner may without the consent of either the Department or the user cancel it. He simply gives notification that it has been cancelled.

Hon. Mr. CRERAR: If he notifies the Department that he withdraws his licence, that settles it?

Mr. ROBINSON: Yes.

Hon. Mr. KINLEY: Are "vaseline" and "aspirin" trade marks?

Mr. ROBINSON: They are both trade marks in Canada.

Hon. Mr. KINLEY: How does that affect the importation of "aspirin" and "vaseline" in Canada?

Mr. ROBINSON: The general rule, sir, is that if something is a trade mark in Canada, then the importation from abroad of goods marked with that trade mark and made by someone other than the owner of the trade mark in Canada may be forbidden.

Hon. Mr. KINLEY: Well, "vaseline" is made by the same people, as it were, both in Canada and in the United States. Is this not correct?

Mr. ROBINSON: Yes, it is, sir. Perhaps I did not make my point clear. If "vaseline" is made by the Chesebrough Company, then that company could prevent anyone from importing into Canada petroleum jelly under that Trade Mark made in the United States or wherever you like.

Hon. Mr. KINLEY: Excuse me. Is not the same thing true about "aspirin"?

Mr. ROBINSON: I understand so, yes.

Hon. Mr. KINLEY: And "Parker" pens?

Mr. ROBINSON: That is true, yes. They have a registration with the customs people.

Hon. Mr. KINLEY: They have a clause in the Customs Act?

Mr. ROBINSON: That is right, yes.

Hon. Mr. PATERSON: There are a thousand different people in Canada making dry ginger ale.

Mr. ROBINSON: That is a very good illustration of this whole licensing problem. In the case of many soft drinks, the basic syrup is put out by a company and is distributed to a number of bottlers who have arrangements with this company and they bottle in various areas in the country.

Hon. Mr. BOUFFARD: Is that under a trade mark?

Mr. ROBINSON: Yes, and there is some question it has not gone to court but it is at least arguable—that that sort of operation might put the trade mark in some danger.

The CHAIRMAN: It might put it in jeopardy.

Mr. ROBINSON: Yes.

Hon. Mr. WOOD: There could be a difference in the product too. In different areas of the country the water could be different.

Mr. ROBINSON: Yes. In most cases these companies try to supervise that, and work out arrangements with their bottlers to see that the bottle that is put out in Halifax is as nearly as possible identical with the bottle put out in Vancouver.

Hon. Mr. KINLEY: The point I wish to make is that it prevents you from buying on the cheapest market even if you are willing to pay the duty. The man in the United States controls the sale in this country because you cannot import at the prices for which he is selling in his own country.

The CHAIRMAN: Are there any other questions on this particular subject of the assignment and licensing provisions in the bill?

Hon. Mr. McDONALD: May I ask the gentleman who has just taken his seat what his position is?

The CHAIRMAN: He as a member of this committee is Mr. Christopher Robinson, Q.C., who is representing the Patent Institute of Canada.

Hon. Mr. McDONALD: May I ask Mr. Robinson if the proposed changes in this bill will speed up the time it takes to issue licenses?

The CHAIRMAN: There was no such provision before, so therefore it is new.

Mr. ROBINSON: No, there is no provision under the present law for licensing, and as far as granting applications for registration are concerned, actually the position under the present law is that most applications are granted very soon after they are filed unless there is some particular objection to them. There is this difference, that under the present law, in certain circumstances by statute, an application must wait in the Trade Mark Office for six months before a registration can be granted. That provision will be eliminated under the proposed bill.

Hon. Mr. KINLEY: Will it be good for twenty years?

Mr. ROBINSON: It will be good for fifteen years.

Hon. Mr. KINLEY: I wonder if the witness will explain the difference between a trade mark and a patent right when it comes to these things that are in question?

Mr. ROBINSON: Perhaps the difference is this, sir, that a patent is a monopoly for a limited term of years given for some new development that the public never had before. It is only if it is new that you get a patent at all. If you have a patent it is for a period of seventeen years, and as the patent owner you are the only person who is entitled to manufacture that product or permit others to manufacture it. You must produce it yourself; otherwise somebody else can get compulsory permission to produce it. But your patent covers all the articles of a particular type regardless of the person by whom they are made or out of what material they are made, and so on.

Now, then, you, as a patentee, may invent a new toy and perhaps various toy manufacturers are concerned with it. You may license, say, three toy manufacturers to make that toy. We will say it is a doll. Now, each of these doll manufacturers may put out its dolls under its own trade mark. Mr. "A" as "Ajax", Mr. "B" as "Regent", and Mr. "C" as—my imagination fails me—

The CHAIRMAN: As "Polly".

Mr. ROBINSON: Yes. Now, each of these three people may put out your patented doll. Mr. "A" will put them out as "Ajax" dolls, Mr. "B" as "Regent" dolls, and Mr. "C" as "Polly" dolls. One of these manufacturers may be putting out a number of other dolls that are not patented at all, and he will call them all "Ajax" because what he is concerned with is that when anybody sees "Ajax" on a doll he will say "Yes, I know 'Ajax' dolls; they are good dolls. This is a new line of 'Ajax' dolls, and I will get it." Now, the patent holder has the right only to prevent manufacture of the particular type of doll covered by his patent. He can prevent that manufacture by anyone at all, but he has no control over the other types of dolls which each of those manufacturers make. Similarly, each of those manufacturers has control over the use of his particular trade mark on any dolls at all. Manufacturer "A" can prevent anyone else from putting out dolls as "Ajax" dolls, and the reason for that is that if someone else were allowed to put out dolls as "Ajax" dolls, then that particular manufacturer's business would suffer, and the public would be confused because when they saw "Ajax" they would not know whether they were made by Mr. Smith or Mr. "X" or Mr. "Y". That is the position of each of these manufacturers.

Now, as far as importation is concerned, the patentee can say "Nobody except my licensees shall either make in Canada or import from abroad dolls of the patented type." The manufacturer who puts out a doll as an "Ajax" doll can prevent any dolls from being sold in Canada whether they are made here or imported under the trade mark "Ajax". I do not know whether that has clarified the question.

Hon. Mr. WOOD: Would the patentee control the price at which the other manufacturers would sell their dolls?

The CHAIRMAN: That is a matter of agreement, and they would have to be very careful with their agreements.

Hon. Mr. BOUFFARD: I should like to know if a trade mark which has been registered in the United States has any bearing in Canada? Suppose a trade mark like "Coca-Cola" has been registered in the United States, would the fact that it has been registered in that country have any effect in Canada?

Mr. ROBINSON: Under the bill it would have this effect, senator, that there are three bases on which you can justify an application for registration in Canada. One is that you have used the mark in Canada; another is that you have used the trade mark abroad and you have advertised it in Canada, and the third is that you have registered the trade mark abroad and you have used it somewhere abroad even if you have not advertised that fact in Canada.

Hon. Mr. BOUFFARD: There is another question I should like to ask. For instance, Coca-Cola has a certain type of bottle. Is the bottle or container considered to be a trade mark?

Mr. ROBINSON: It can be, yes. We have provision in the bill for registration as trade marks of what are called distinguishing guises. There is provision under the present Act for registration of distinguishing guises. The Coca-Cola bottle is an example. The Haig whisky pinch bottle is another example. Any shape of a bottle or any particular way of wrapping goods that has come to be recognized by the public in such a way that when they see that particular bottle, quite apart from any name on it or any label, or when they see a particular way of wrapping, they say "Oh, yes, that is Mr. Smith's goods. I recognize that." If that is the fact, then that particular form of bottle or that particular form of wrapping may be registered as a distinguishing guise. The change that the bill makes with respect to the present Act is that under the present legislation you merely apply for registration and you say, "Here is a bottle. This bottle is my distinguishing guise. I want to register it" and this is

done. We felt that that had gone too far; and under the bill we have provided that a distinguishing guise may be registered only if the applicant satisfies the registrar that in fact people do associate that particular form of bottle with his goods. In other words, the applicant must satisfy the registrar that when the consumer goes into a shop and he sees a bottle on a shelf, he says "Oh, yes, that must be Smith's goods because I recognize the bottle."

Hon. Mr. BOUFFARD: Are you not afraid that companies would get together with a glass manufacturer?

Mr. ROBINSON: There is a limitation in the bill to this effect, that no distinguishing guise may be registered if (and I may not remember the exact words) the use of the distinguishing guise would interfere with the use of any utilitarian feature embodied in it; and also that the registrar will not register it unless he is satisfied that the use of the distinguishing guise is not likely unreasonably to limit the development of any art or industry. Moreover, if the registration has been granted, it can be cancelled subsequently by order of the court.

The CHAIRMAN: That is section 13 of the bill.

Hon. Mr. HAIG: Supposing in the United States the sign reads "Blue Cross", and it has been registered—patented by somebody with a trade name and they do not re-register in Canada at all—would that prohibit our department here from granting a trade mark to Blue Cross?

Mr. ROBINSON: No, sir. Registrations abroad have no effect as far as the rights of anyone who applies here are concerned. Their only significance is to afford a basis for an application for registration in Canada by the owner of the foreign registration.

Hon. Mr. HAIG: If they want to come here?

Mr. ROBINSON: If they want to come here.

Hon. Mr. HAIG: But supposing this bill passes and the Blue Cross of Canada want to take out a trade-mark as applied to hospitalization, then if somebody in the United States has that now, which would get precedence, the first applicant?

Mr. ROBINSON: It depends, sir. If the person in the United States has not used the trade-mark in Canada and has not advertised it in Canada—and I am assuming that would be the position—then the Canadian person would get it.

Hon. Mr. HAIG: Thank you, that is what I wanted to know.

Hon. Mr. BAIRD: If he had advertised, that would put him in the position of a prior user?

Mr. ROBINSON: Yes, but Blue Cross is not perhaps such a likely case as others. You may have some trade-mark, and particularly one that has started fairly recently. It may be highly advertised in the United States; and as we all know, if those advertisements are displayed in magazines of international circulation most Canadians know about them as well as Americans. The bill provides, as in fact the present Act does, that if that is the situation, then someone cannot come in and register in derogation of the rights of that person who has made his trade-mark known here.

Hon. Mr. DAVIES: Whether registered or not? If it were advertised in the national magazines, and was a United States product that had a trade-mark, but had not been registered in Canada, would not the Canadian applicant for a similar trade-mark be given precedence?

The CHAIRMAN: You mean if the United States' magazines had a proven circulation in Canada?

Hon. Mr. DAVIES: Yes.

Mr. ROBINSON: No sir; the man who would be entitled to the registration would be the American man.

Hon. Mr. DAVIES: But he was not registered in Canada.

Hon. Mr. WOOD: He probably sold goods here.

Mr. ROBINSON: It might even be at that stage where he has not sold the goods. The reason we drew the provisions in the bill the way we did was that we recognized that substantial advertising in American magazines of international circulation cannot help but be brought to the knowledge of the Canadian public and that, therefore, if "Ajax" came out, we will say, with ten successive issues of advertising in the *Saturday Evening Post*, with a double-page spread, all Canada would know about it. The Canadian public would be misled if, following that, some Canadian manufacturer had picked up the trade-mark and put it on his own goods and put them on the market. The Canadian public, seeing "Ajax" goods on the shelf would say, "Those are the goods we saw advertised in the *Saturday Evening Post*", when, in fact, they would not be.

Hon. Mr. DAVIES: I do not think it is fair to a Canadian magazine published here, that something advertised in a magazine published in the United States should qualify them here.

Mr. ROBINSON: Perhaps I put it too strongly, sir. It would be necessary in any given case to prove that there was, in fact, a very substantial Canadian circulation.

The CHAIRMAN: Yes.

Hon. Mr. DAVIES: But supposing a Canadian without a registered trade-mark advertised in *Macleans*, or in *Liberty*, would he have rights without even registering his trade-mark?

Mr. ROBINSON: If the Canadian has advertised in a Canadian magazine, he does not get rights on that footing alone. He will only advertise in a Canadian magazine because he is using his trade-mark here, just as the American man will use an American magazine because he is using his trade-mark there. He gets his rights on the basis of use only. Take the case of a Canadian who begins to use a trade mark in Canada. He may not advertise to any substantial extent, but he begins to use it somewhere in Canada. If after that an American, who may have started to use it in the United States before the Canadian used it in Canada, starts to advertise in a magazine which is circulated in Canada, the Canadian would nevertheless have the prior right.

Hon. Mr. DAVIES: But the magazine wouldn't be published in a foreign country.

Mr. ROBINSON: Yes. My point is that the Canadian would then have the prior right. As the bill is set up, the man who has the best right is the one who first used the trade mark in Canada, or first made it known in Canada.

The CHAIRMAN: That is right.

Hon. Mr. DAVIES: Do you not think that Canadians should always have the prior right?

The CHAIRMAN: Not if he keeps it a secret.

Mr. ROBINSON: There is a difficulty which we were very conscious of in the committee, that in dealing with trade marks you are not simply dealing with matters of private property; you must consider the position not only of the trade mark owner but also the position of the public.

If you were to say that an advertisement in an American magazine would have no effect at all in Canada, regardless of how great the circulation, then you would be running a grave risk of creating a situation where the Canadian public would in the end be confused and they would be the losers. For instance, some small manufacturer who perhaps puts out shoddy goods might

see an advertisement in an American magazine circulated in Canada, and say to himself "I will take that up, and I will get the benefit of this advertising". He would put his shoddy goods on the Canadian market, and the people would buy them not knowing that they were of Canadian manufacture but thinking that they were the goods they had seen advertised in the American publication. In that way the public would be the losers.

Hon. Mr. DAVIES: I would like to agree with you, but I do not think I can. Suppose in the case of the *London Times*, which has a big circulation in this country, some English firm used an advertisement. Would you think they would have a prior right in the establishment of a trade mark in this country over some Canadian who wanted to register it?

Mr. ROBINSON: It would depend, sir, on the extent to which the advertisements had made the trade mark known to the relevant public. I say "relevant public" because in the case of consumer goods that means the consumers, in fact; but in the case of goods used only in certain industries, it means the industrial people concerned. If the position were that the effect of the advertisements was to have made that trade mark known in general to the relevant public, then the bill gives the prior right to the man who has done the advertising, and, in our view, properly so.

Hon. Mr. KINLEY: What consideration, Mr. Chairman, is given to the man who inadvertently lets his trade mark lapse? For instance, a man who has trained the public to know his goods but for some reason has let his mark lapse?

The CHAIRMAN: He can renew it.

Mr. ROBINSON: He can re-register.

Hon. Mr. KINLEY: How long before somebody else could register his trade mark?

The CHAIRMAN: Nobody else can.

Mr. ROBINSON: Nobody else could register it even though his registration has expired and there is nothing on the register. If somebody else came along and tried to register it, and the registrant came back and applied for re-registration, the registrant would have priority because he is the earlier man.

Hon. Mr. KINLEY: What about the renewal features?

The CHAIRMAN: On that question, if I were using a trade mark in connection with certain goods, and my registration had run out—and I forgot to re-register it—if I continued to manufacture my goods under that trade mark, nobody else could produce the same goods and sell under that trade mark without facing the possibility of proceedings.

Hon. Mr. KINLEY: But still there is a fifteen-year limit on trade marks.

The CHAIRMAN: The fifteen-year limit does not matter at all; if I continue manufacturing and using the trade mark, I have a monopoly on it, no matter what anybody else tries to do.

Hon. Mr. KINLEY: I would prefer to have the mark renewed.

Speaking of the newer features provided by the bill does it deal with slogans that claim merit for the goods, for instance "Stanfield's unshrinkable underwear"?

Hon. Mr. HAIG: Hear, hear.

Hon. Mr. KINLEY: Everybody knows it is unshrinkable but are they entitled to a trade mark using the word "unshrinkable"?

Mr. ROBINSON: The position of words of that sort, which are essentially descriptive words, is to be decided by whether it can be shown that such words with a descriptive tinge, or very descriptive words such as "unshrinkable", have become distinctive. The minute anybody hears the word "unshrinkable" in connection with underwear, do they say "Yes, Stanfield's"?

Hon. Mr. HAIG: They do yet.

Mr. ROBINSON: If that is the position, and can be proven to be the position then, it may be possible to register "unshrinkable", but it would be extremely difficult to do so—possibly as difficult as anything.

Hon. Mr. KINLEY: I would think so. There are some others like "Good to the last Drop".

Hon. Mr. WOOD: Which brand is that?

Hon. Mr. HAIG: That is "Haig & Haig".

Hon. Mr. KINLEY: Who decides whether the word is proper or improper.

Mr. ROBINSON: It goes to the Registrar in the first instance, and on appeal to the Exchequer Court.

The CHAIRMAN: I think we have exhausted the subject of the provisions with respect to assignments and licensing, and have got on the general features of trade marks. I was wondering if we could continue to develop what Mr. Stein said. If I understood you, the provisions with respect to registration have been enlarged so as to permit more effective opposition proceedings at the stage when the application is pending, and that is an improvement over the present law? Would you just explain that very briefly?

Mr. J. C. OSBORNE: Mr. Chairman, the position under the present law is that there are no official opposition proceedings at all. If an application is filed, it may never be drawn to the attention of an interested person because the first publication comes upon registration; it then appears in the Patent Office Record and by that time, the registration has been made. In practice, there is a good deal of opposition of an unofficial character because many people watch the pending applications in the Trade Marks Office which are open to the public and may be searched by private individuals, solicitors or attorneys. If they observe that an application has been filed which they regard as in conflict with an established right, or perhaps simply contains a word which, from the general standpoint, should not be monopolized by an individual, the practice has developed of filing with the registrar a letter which draws attention to whatever ground of objection there may be. If the registrar does not regard the objection as frivolous—and perhaps he might do so—he will refer that letter to the applicant, and the applicant, in turn, will be given an opportunity to reply to it. Then the registrar will make up his mind as to whether the objection is well-founded or whether the application should proceed to registration.

The practice followed in the United Kingdom for many years, and in the United States, has been to carry on opposition proceedings in a formal and well-organized way. We propose to adopt substantially the procedure followed in both the United Kingdom and the United States. If the provisions of the bill are accepted, there will be publication of applications for registration. Applications will be given preliminary examination by the registrar who make certain objections at that stage. If he passes them on preliminary examination and they are in order for registration, so far as he is concerned, they will then be published in the Patent Office Record, which is widely circulated, and interested persons may come in and file statements of opposition. These are to be filed with the registrar and served on the applicant. The applicant will then be given an opportunity to reply and to file affidavits in support of his position, if he chooses to do so. The objecting party also may file affidavits in support of his position. The registrar will be given power to direct a hearing at which the parties will be heard personally or by their representatives, and then a decision is made. The application is either allowed or rejected. And that, of course, would be subject to appeal to the Exchequer

Court. But the important feature is that there will be public notice of the applications that are being filed, an opportunity given for opposition and machinery laid down for the opposition.

Hon. Mr. BOUFFARD: What kind of publication will be made?

Mr. OSBORNE: In the Patent Office Record.

The CHAIRMAN: Do you think that is enough?

Mr. OSBORNE: That is the official Gazette, if you like to use that wording, issued by the Patent Office, which now contains extracts of issued patents and a summary of registered trade marks and copyright registrations.

Hon. Mr. BOUFFARD: To whom is it sent? Is it subscribed to?

Mr. OSBORNE: It is subscribed to, and it is quite widely subscribed to. Mr. Stein reminds me that I should mention that the publication is to be in the manner prescribed. I think perhaps it is in all our minds that it will be in the Patent Office Record, which is the place in which the issued registered trade marks now appear, and there is a comparable procedure in both the United Kingdom and the United States. As Mr. Robinson says, it is the natural place where people interested in the subject-matter would look. I think it is fair to say that those interested in trade-marks who may not now be subscribers to the Patent Office Record will certainly be subscribers in future. The fact is that today the only way in which you can get information to keep your eye on the applications which are being filed, is to be constantly in the Trade Marks Office, either yourself or through a representative, have lists made from the little index cards that are maintained there and examine them. That service is maintained by a number of people. It is awkward and, in many cases, expensive.

Hon. Mr. BOUFFARD: How often do issues of this paper appear?

Mr. OSBORNE: The Patent Office Record is issued weekly. The subscription is \$10 a year.

The CHAIRMAN: I take it the statute permits the enactment of regulations that can provide in any particular case, in the discretion of those administering the act, for even a broader publication than just the Patent Office Record?

Mr. OSBORNE: That is correct, sir.

The CHAIRMAN: That would be up to the judgment of the registrar in the particular case, and the Governor in Council would then make the regulations?

Mr. OSBORNE: Yes. As a matter of fact, the procedure with respect to opposition will be governed to quite an extent, we would anticipate, by regulation. A good deal of the machinery with respect to the filing of affidavits and service would not be suitable for incorporation in a statute.

Hon. Mr. DAVIES: Is the Patent Office Record copyright? Is it possible for some trade journals to take the Patent Office Record and publish in their own journals applications which they think may interest their subscribers?

Mr. OSBORNE: That, I understand, is quite largely done.

Hon. Mr. DAVIES: Any objection to that on the part of the Patent Office Record?

Mr. OSBORNE: I think no objection would be taken. Whether there is any technical point involved I do not know. I may say that the pharmaceutical people have a whole system of keeping the trade informed of pharmaceutical applications which are filed.

Hon. Mr. BOUFFARD: Would there be an interval of time between the first publication and the hearing of the application?

Mr. OSBORNE: Yes. There is a period of one month from the publication within which notice of opposition may be filed, and further periods will be prescribed within which the various steps must be taken.

The CHAIRMAN: Are there any other questions under this heading?. In the course of dealing with two of these main headings we have delved into the general law in relation to trade marks; but the thing is wide open for anyone who has questions.

Hon. Mr. KINLEY: There are certain limitations now on the use of words, I understand. For instance, if I said I had as a trade mark the "Ottawa" brand, that would be going pretty far, would it not?

Mr. OSBORNE: Yes. Under the present Unfair Competition Act there are prohibitions against words which are clearly descriptive or misdescriptive of the character or quality of the wares or of their place of origin. Geographical names are not normally good trade marks. There are findings on that. The words "North Pole" are undoubtedly geographic, but as applied to bananas there would be no objection to them.

Hon. Mr. KINLEY: Or to ice cream.

Mr. OSBORNE: Perhaps not as applied to ice cream, either. The real point that the trade mark law is designed to enforce is that if a member of the purchasing public might assume that the wares originated at a particular place, say in Birmingham, Montreal or Toronto, those words ought not to be monopolized by any single person.

Hon. Mr. KINLEY: Take another case. The number of people who use the word "Evangeline" on their products, especially in the Maritimes, is very great. If one man has that word would it exclude everybody else from using it, or perhaps as regards only one product? For instance, Evangeline ginger ale, Evangeline cheese,—

The CHAIRMAN: Hosiery.

Mr. OSBORNE: I think the word is widely used. The first answer is that whatever monopoly one would obtain by registration would be confined to the wares in association with which the owner of the mark uses it,—let us say hosiery. There is a lingerie shop here. That would be the general proposition. You may have in mind something suggesting a geographical area. That might be arguable. "Acadia", I suppose, is not, strictly speaking, a geographic word in the sense of being able to look it up in a gazeteer, and yet—

Hon. Mr. KINLEY: "Acadia" is used everywhere.

Mr. OSBORNE: —it might be objectionable, as being geographic. For instance, I think it has been in issue with respect to apples; and no single trader would be permitted to obtain registration of the word "Acadia" as applied to apples.

Hon. Mr. KINLEY: They have got it on machinery and in connection with companies, though, of course, that comes under the Companies Act; there is some protection there. But the word "Acadia" is widely used in the Maritimes. Of course you are opening up a field with a new feature of the act.

Mr. OSBORNE: This, sir, is old law. It is in the Unfair Competition Act. It was in the preceding Trade Mark and Design Act of 1905. It is a basic proposition of the common law that you cannot monopolize words that have geographical significance in connection with particular wares. Perhaps the words "North Pole" are, to use an expression of the House of Lords, "dislocated" from bananas but, as I say, words may be objectionable from a geographical point of view.

Hon. Mr. BOUFFARD: In some cases it might be important. Take, for example, "Gaspé" salmon.

Mr. OSBORNE: I venture to say, unquestionably, that word could not be properly registered under the act, because the prohibition is there, as in the

present act, against the registration of words that are clearly descriptive or deceptively misdescriptive of the character or quality of the wares or of their place of origin. Whether the salmon came from Gaspé or not it would be descriptive or it might be deceptively misdescriptive.

The CHAIRMAN: Any other questions on the general subject, or would you care to examine the bill clause by clause? Or have we done enough work for today? We have to hear a number of people on Tuesday.

Hon. Mr. HAIG: I was going to suggest that we do not consider it clause by clause today. I think we should hear these other people.

Hon. Mr. KINLEY: Are there any objections to it?

The CHAIRMAN: No, after all, this committee has been working for some five years and they have had representations from all the organizations that could possibly be said to be interested in this subject matter. They have studied the law in relation to the subject matter in other countries. They have made draft after draft which have been subject to comment—and submitted for comment and criticism—and they ultimately evolved this final draft. Even the bill introduced last spring in the Senate and not proceeded with has been revised since largely, as I understand it, because of further representations that have been made. So that if any subject matter has had exhaustive treatment, this one has had just that. It had exhaustive treatment in the hands of those who are most capable of giving it just that kind of study. As to the features that have been developed here today, they have had in mind the idea of bringing the practice and the law in relation to trade marks in line with modern business operations and as it is done in other countries.

Hon. Mr. HAIG: I have been delighted with the explanation given by these gentlemen who served on that committee. I can say that it has given me a better understanding of the whole subject.

The CHAIRMAN: As to the other points Mr. Stein mentioned in his opening remarks, I think we have more or less wandered into them in the course of our discussion today. Are there any features we should mention particularly? There is a provision for an easy cleaning up or housecleaning of the registry from time to time, whereas at the present time the registry is cluttered up with trade marks that have been registered and have not been used or have been abandoned.

Hon. Mr. HAIG: I suggest we adjourn and meet next Tuesday at 10.30 o'clock.

The CHAIRMAN: Is that the wish of the committee?

Hon. Mr. KINLEY: It will give us a chance to read the bill.

The CHAIRMAN: Well, then, there is a motion to adjourn until next Tuesday morning at 10.30. You understand that at that time there will be certain representatives here from the Blue Cross, and I think a doctor from New Brunswick and others who want to make sure that their own particular operation is protected. We will just have to do the best we can on the advice of the advisers present. I should direct your attention to this fact. I think each senator was sent a copy of the report of the committee that dealt with the preparation of his bill, together with a full explanation of the changes and why they were made. I would suggest that it would be worth while if each senator were to read this report in the interval. Strangely enough, it is easy to read. This will give us a better understanding of the whole subject matter and enable us to deal with the bill more expeditiously next Tuesday.

The committee adjourned until Tuesday, March 24, at 10.30 a.m.